

Message Text

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ORIGIN EA-12

INFO OCT-01 ISO-00 SSO-00 INRE-00 USIE-00 NSCE-00
AGRE-00 OES-07 FEA-01 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02
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L-03 H-01 SS-15 STR-05 CEA-01 /084 R

DRAFTED BY EA/J:S M ECTON
APPROVED BY EA:W H GLEYSTEN
STR:E LAPP (SUBS)
TREAS:MR. SOLOMON (SUBS)
COMMERCE:C JOHNSON (SUBS)
LABOR:B BLACKMAN (SUBS)
E:S BLACK (SUBS)
EB:W BARRACLOUGH (SUBS)
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TO AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L STATE 277908

E.O. 11652: GDS

TAGS: PROP, ETRD, JA, US

SUBJECT: SUGGESTED PRESS GUIDANCE

1. FOLLOWING IS SUGGESTED INTERAGENCY CLEARED PRESS GUID-
ANCE FOR BACKGROUND DISCUSSIONS WITH US AND JAPANESE COR-
RESPONDENTS AS IS APPROPRIATE. DEPARTMENT WOULD WELCOME
EMBASSY'S COMMENTS OR SUGGESTIONS.

2. BEGIN QUOTE. GUIDELINES FOR DEALING WITH THE PRESS ON
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US-JAPAN TRADE ISSUES.

3. WE SHOULD ATTEMPT TO CONVEY THE FOLLOWING THEMES IN ANY
BACKGROUND DISCUSSIONS WITH U.S. AND JAPANESE CORRESPON-
DENTS IN THE COMING DAYS:

4. -- WE CONSIDER IT ESSENTIAL THAT THERE BE AN EQUITABLE

SHARING AMONG THE STRONG ECONOMIES OF THE FINANCIAL BURDEN OF THE HUGE OPEC INDUCED DEFICITS IMPOSED ON THE REST OF THE WORLD. JAPAN'S C/A SURPLUS--RUNNING ABOVE 8 BILLION DOLLARS--INCREASES THE ADJUSTMENT PROBLEMS CONFRONTED BY WEAKER ECONOMIES AND INHIBITS WORLDWIDE ECONOMIC RECOVERY.

5. ALTHOUGH JAPAN PROJECTED A CURRENT ACCOUNT DEFICIT OF 700 MILLION DOLLARS FOR JFY 77 EARLIER THIS YEAR, IT WILL ACTUALLY RUN A SURPLUS OF ABOUT 10 BILLION DOLLARS.

6. -- THE EXPANSION OF JAPANESE EXPORTS IN PARTICULAR SECTORS LIKE STEEL, AUTOMOBILES, CAPITAL AND CONSUMER GOODS WITHOUT IMPORT RECIPROCATION-- WITH HEIGHTENED POLITICAL AND ECONOMIC IMPACT DURING PERIODS OF HIGH UNEMPLOYMENT-- IS SERVING TO ADD TO CONCERNS OVER UNEMPLOYMENT AND FEARS OF INJURY FROM IMPORTS. THE RATIO OF MANUFACTURED IMPORTS RELATIVE TO TOTAL IMPORTS IS ONLY ABOUT HALF THAT OF THE OTHER MAJOR INDUSTRIAL COUNTRIES. WHATEVER THE REASONS FOR THIS PHENOMENON, WE ARE NOT CERTAIN THIS IS CONSISTENT WITH JAPAN'S POSITION AS A MAJOR BENEFICIARY OF THE OPEN SYSTEM OF WORLD TRADING.

7. -- WE ARE SEEKING A JAPANESE COMMITMENT TO A SERIES OF MEASURES TO ADDRESS THE SHORT-TERM PROBLEM OF THE PRESENT CURRENT ACCOUNT SURPLUS AND THE LONGER TERM PROBLEM OF INJECTING GREATER EQUITY INTO MULTILATERAL TRADE WITH JAPAN
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AND SECURING IMPROVED ACCESS TO JAPAN'S DOMESTIC MARKET AND MANUFACTURED GOODS ORIGINATING ELSEWHERE. WE BELIEVE JAPAN SHOULD COMMIT ITSELF TO MOVE RAPIDLY TOWARD DEFICIT IN ITS CURRENT ACCOUNTS AND TO CONTINUE SHARING THE OPEC SURPLUS PROBLEMS IN THE FUTURE.

8. -- WE BELIEVE MOVEMENT IN THAT DIRECTION WILL REQUIRE CONTINUED FIRM DOMESTIC GROWTH OF THE JAPANESE ECONOMY NEXT YEAR; SPECIAL EFFORTS TO EXPAND IMPORTS OF MANUFACTURED

GOODS; THE REMOVAL OF RESIDUAL IMPORT QUOTAS; RESTRAINT ON OFFICIAL EXPORT CREDITS AND EXPORT PROMOTION; THE REDUCTION OF TARIFFS AN INCREASE IN UNTIED AID; AND A RENEWED COMMITMENT TO THE REDUCTION OF TARIFF AND NON-TARIFF BARRIERS .

9. -- DURING BILATERAL ECONOMIC TALKS LAST SEPTEMBER WE AND THE GOJ AGREED TO ESTABLISH A JOINT ECONOMIC FORECASTING GROUP AND A TRADE FACILITATION COMMITTEE. WE INTEND TO UTILIZE THESE COMMITTEES TO MAINTAIN CLOSE CONSULTATIONS AND COOPERATION.ON THIS SUBJECT.

10. -- IT IS OUR BELIEF THAT TO THE EXTENT JAPAN LIBERALIZES ACCESS TO ITS OWN MARKET AND INCREASES ITS GROWTH RATE AND IMPORTS, JAPANESE CITIZENS ARE AMONG THE PRINCIPAL BENEFICIARIES. IN JAPAN, AS IN THE U.S., IMPORTS OF MANUFACTURED GOODS AS WELL AS AGRICULTURAL PRODUCTS CAN PROVIDE A HEDGE AGAINST INFLATION, A SPUR TO HEALTHY COMPETITION, AND A MEANS OF ASSURING MAXIMUM CHOICE TO CONSUMERS.

11. -- NOR ARE WE SEEKING TO PLACE ON JAPAN THE BURDEN OF ADJUSTMENTS TO AVOID FACING UP TO PROBLEMS OURSELVES. WE RECOGNIZE OUR DUTY TO PASS STRONG ENERGY LEGISLATION, TO RESIST UNREASONABLE DEMANDS FOR PROTECTIONISM, AND TO MAKE MORE ENERGETIC EFFORTS TO TAKE ADVANTAGE OF TRADE OPPORTUNITIES OVERSEAS. THE TRADE FACILITATION COMMITTEE IS NOW ACTUALLY MAKING EFFORTS TO IDENTIFY EXPORT OPPORTUNITIES AND BRING THESE TO THE ATTENTION OF THE US BUSINESS COMMUNITY. END QUOTE. VANCE

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TUNITIES OVERSEAS. THE TRADE FACILITATION COMMITTEE IS NOW ACTUALLY MAKING EFFORTS TO IDENTIFY EXPORT OPPORTUNITIES AND BRING THESE TO THE ATTENTION OF THE US BUSINESS COMMUNITY. END QUOTE. VANCE

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